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## Morocco

## Oilseeds and Products

## Annual

## 2001

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### Report Highlights:

**The GOM revised the customs duties on oilseeds, vegetable oil, and oilseed meals, phased out the subsidy and liberalized the prices of vegetable oil. Imports of soybeans are expected to increase while imports of oilseeds meals are expected to drop significantly.**

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Includes PSD changes: Yes

Includes Trade Matrix: Yes

Annual Report

Rabat [MO1], MO

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## **Executive Summary**

On November 1, 2000, the GOM reviewed the customs duties on oilseeds, vegetable oils, and oilseed meals, phased out the subsidy on vegetable oil, and completely liberalized prices of vegetable oil.

The change in customs duties is expected to result in more oilseeds being crushed locally and less soybean meal being imported as is. Soybean oil is expected to continue to account for most of the crude oil imports by Morocco although the reduction in duties of other oils (palm oil) and the larger anticipated crushing in the future may result in slightly smaller imports of crude soybean oil.

The liberalization of vegetable oil retail prices is expected to result in stiffer competition between refiners as some are in a better position to cut their prices and capture new market shares.

The sole crusher is closing down its smallest plant in Kenitra. Higher transportation costs and small and irregular local production of sunflowerseed result in excessive production cost for this plant.

## **TOTAL OILSEEDS**

### **Production**

Morocco's oilseeds production consists of sunflower seeds (19,000 MT) and very small production of soybeans and rapeseed that, over the past few years, were not even collected for processing. Local production of soybeans and rapeseed continues to be limited by the lack of incentives to farmers.

### **Consumption/Trade**

There is only one crusher, Lesieur, who has currently two mills located in Casablanca and Kenitra. The crushing mill in Casablanca closed for over three months last year to upgrade its facilities to produce high protein soybean meal and to extend its capacity to 1,200 MT/day. This resulted in lower quantities of soybeans being imported and processed by the Casablanca Mill (see PS&D).

In the future soybean processing should increase significantly because of the GOM recently increased the import duties on protein meals and decreased the import duties on oilseeds. Thus, Lesieur is expected to play a major role in supplying protein meal to the local market.

Lesieur-Kenitra is being closed down. Because of its location (85 miles from the Casablanca port through which oilseeds are imported), the Lesieur-Kenitra plant involves high transportation costs. The plant is located near the major producing area of sunflowerseed but the consistently small local sunflowerseed production in recent years combined with the high producer prices increase the processing costs significantly.

In general, there is little demand for rapeseeds because of the small demand of rapeseed meal by feed manufacturers, but there are occasional shipments (as in 1999).

### **Change in Customs Duties**

Effective November 1, 2000, the GOM decreased the duties on oilseeds imported directly by the crusher to a flat 2.5% ad valorem. However, for oilseeds that are not directly imported by the crusher, not only was the variable levy system maintained, but the base duty was increased significantly.

The new system clearly favors the crusher and is likely to result in no oilseeds being imported for direct use by other processors (potential use of full-fat soya by large farmers and feed manufacturers). In fact, Lesieur is currently considering to develop a full fat soya line in its crushing plant in Casablanca.

New tariffs on imported oilseeds  
Effective November 1, 2000

Harmonized Code	Label	Since Nov. 1, 00			Apr.26, 99-Oct. 31,00		
		Flat Duty (%)	Addit. Duty (%) (a)	Threshold Price (dh/MT) (b)	Flat Duty (%)	Addit. Duty (%) (a)	Threshold Price (dh/MT) (b)
1201008100	Soybean Imported by The Crusher	2.5	na	na	7.5	100.0	2,900
1201008900	Other soybeans	22.5	100.0	2,900	7.5	100.0	2,900
1205008100	Rapeseed Imported by The Crusher	2.5	na	na	22.0	122.0	3,300
1205008900	Other Rapeseeds	37.0	122.0	3,300	22.0	122.0	3,300
1206008100	Sunflower Imported by The Crusher	2.5	na	na	17.0	118.0	3,500
1206008900	Other Sunflowerseeds	32.0	118.0	3,500	17.0	118.0	3,500

Source: Official Bulletin 4840, Decree 2-00851 of October 19, 2000

The Additional duty (a) is applied to the differential between the threshold price (b) and the Custom's value when the Customs value is less than (b).

Current Exchange Rate (\$1= 10.85 dirhams).

The old variable levy system encouraged the crusher to pay a premium for higher quality oilseeds because it ended up with about the same final price (all duties paid) as if it had imported cheaper, lower quality oilseeds. Under the current flat duty mechanism, the crusher has no longer the incentive to pay a premium for higher quality soybeans unless he can pass on the cost to the final end-users. This suggests that, in the future, the US may be facing stiffer competition from lower quality and lower price suppliers. The U.S. industry should concentrate its efforts to educate end-users about advantages of paying a premium but using a higher quality product.

## TOTAL OILSEED MEALS

Morocco's mixed feed production reached an estimated 1.3 million MT this year. In addition, an estimated 20 percent of total feed is mixed on farms. According to the feed manufacturer's Association, nearly 95 percent of the production is devoted to poultry. The use of mixed feed for ruminants is increasing but at a rather slow pace. For Morocco, per capita consumption of poultry (8.2 kilograms) and eggs (110 eggs) are still very low compared to neighboring countries suggesting a large potential for growth. However, the sector is limited by the lack of consistent GOM policy and by high import duties on feed ingredients.

### New increase in duties on oilseed meal

On November 1, the GOM implemented a flat 25 percent duty on all oilseed meal imports. This significant increase in duties will discourage feed manufacturers and other importers from importing oilseed meals in the future and force them to buy from the local crusher, Lesieur. End-users of soybean meal have concerns that the current customs duty for soybean meal is too high to be an impetus for Lesieur to improve the quality of their protein meals and to reduce their production costs.

The high duty on soybean meal is likely to encourage end-users to incorporate more fish meal in their poultry ration as an alternative. Each year, Morocco produces about 50,000 MT of fish meal and exports 5,000 to 15,000 MT, mostly to Europe. The remaining fish meal is mostly used in poultry feed. Sources indicate that although fish would not be used, for technical reasons, at over 8 percent in a poultry ration, the use of one unit of fish meal would displace 1.5 units of soybean meal. Current fish meal ex-mill prices run about 4,500-5000 dh/MT (\$415-\$460/MT) for a 65% protein fish meal.

Also, with the new flat duty mechanism importers have no longer the incentive to pay a premium to import high protein soybean meal. Under the old system, the importers were able to pay a premium for high protein meal, pay lower or no additional duty, and end-up with about the same price (all duties paid) than if they had imported lower quality meal.

Prospects for exports of soybean meal from the US to Morocco are not good. In addition to anticipated sharp drop in total soybean meal imports, the US share is likely to drop further unless the US soybean meal is more price competitive.

Duties on Oilseed Meals

	NEW SYSTEM Since Nov.1, 00	OLD VARIABLE LEVY SYSTEM			Estimated Breakeven Price(c) (C&F, \$/MT)
	Flat Duty (%)	Flat Duty (%)	Additional Duty (%)(a)	Threshold Price (dh/MT) (b)	
Soybean Meal	25.0	17.5	99.0	2,470.0	208
Rapeseed Meal	25.0	17.5	92.0	1,810.0	151
Sunflower Meal	25.0	17.5	92.0	1,490.0	124

Exchange Rate (dirhams/\$): 10.85

(a) Additional duty applied to the differential between the threshold price (b) and the Customs value when the Customs value is less than (b).

(c) Estimated by the agricultural Attache: At these prices, duties from both systems are equal. Above this price, the new tariffs mean higher duties. Indicative C&F Casablanca Price for soybean meal \$210-230/MT and for sunflower meal \$110-120/MT.

## TOTAL VEGETABLE OIL

On November 1, 2000, the GOM completely liberalized the vegetable oil retail prices and phased out the subsidy at the retail level. Low world vegetable oil prices combined with a sharp drop in import duties on crude vegetable oil provided adequate conditions for the GOM to liberalize this staple commodity without having any significant increase in retail prices.

Except for a small amount of sunflower oil (estimated at 30,000 MT) sold as "Sunflower Oil", vegetable oil in Morocco is sold as a regular "Table Oil" with different brand names but bearing no indication as to the type of oil or its origin. The price of regular table oil was set by the GOM to be the same throughout the country (8.36 dh/liter or \$0.77/liter).

Imports of soybean oil in 1999 have been revised upward because Morocco imported less sunflower oil and more soybean oil. For most purchases, refiners buy optional type and origin and are typically notified by the exporter about the type of oil and its origin only a couple weeks before delivery.

### **Liberalization of Retail Prices**

The vegetable oil retail prices should remain unchanged because the GOM signed with the refiners a Memorandum of Understanding by which they will maintain the retail price of the regular table vegetable oil at about its current level for at least two years. Afterward, any increase in world prices of vegetable oil should be passed on to the consumer. Retail price of vegetable oil sold as "Sunflower oil" has increased since the liberalization by about 1 dirham per liter (\$0.10). Stiffer competition on price is expected in the future because some refiners are better positioned to cut down on their production costs.

### **Effect on the refining Industry**

The vegetable oil retail price liberalization is expected to have a major impact on the refining industry in Morocco in the long term. Refineries that are far from the crude oil import ports (Casablanca, Agadir) such as in Fes, Marrakech, and Meknes face higher transportation costs and will not likely be able to cut down on their costs (and retail prices) as much as Lesieur in Casablanca, or Huilerie du Souss in Agadir can do.

Lesieur, in addition to its crushing facility, has an estimated share of over 75 percent of the vegetable oil market, and its refineries are close both to the import port and to major agglomerations. The inland refineries in Fes, Meknes, and Marrakech are located in the center of major olive growing areas and will likely have to specialize more in olive oil refining, find niche markets, or close down.

### **Change in Customs Duties for vegetable oil**

The GOM reduced the customs duties on crude vegetable oil to a flat 2.5 percent. The reduction in duties applies to soybean oil, rapeseed oil, sunflower oil, but also to vegetable oil for which the duties were prohibitive in the past such as palm oil, palm kernel oil, corn oil, and babassu oil.

The current decrease in duty could encourage some of the industrial users (margarine producers) to use new types of oils. In particular, palm oil may be used in a greater extent by margarine producers in the future. Currently margarine producers use an estimated 14,000 MT of vegetable oil and about 10,000 MT of palm oil.

## New tariffs on imported Crude and Refined vegetable oil

Commodity	New System (Nov.1, 2000) %ad valorem	Old Variable levy system		
		Base Duty (%)	Additional Duty (%) <sup>(a)</sup>	Threshold Price (dh/MT) <sup>(b)</sup>
Soybean Oil, Crude	2.5	46	137	7,000
Soybean Oil, Refined	25.0	49	141	9,000
Rapeseed Oil, Crude	2.5	45	136	7,000
Rapeseed Oil, Refined	25.0	49	142	9,000
Sunflower Oil, Crude	2.5	30	122	7,800
Sunflower Oil, Refined	25.0	32	126	10,100
Palm Oil, Crude	2.5	296	na	na
Palm Oil, Refined	25.0	296	na	na

Source: Official Bulletin 4840, Decree 2-00851 of October 19, 2000

The Additional duty (a) is applied to the differential between the threshold price (b) and the Custom's value when the Customs value is less than (b).

Current Exchange Rate (\$1= 10.85 dirhams).

## BIOTECHNOLOGY

On August 1999, the Ministry of Agriculture issued an internal memo that prohibits imports of "GMO" products into Morocco. Since then, shipments of oilseeds (and corn) have been coming regularly and, except for a shipment of corn that was stopped (in August 2000) and eventually accepted, the memo has not yet had a concrete impact on trade.. Although the GOM on several occasions indicated verbally that the memo is intended more for consumer-oriented products that are labeled as GMO products, bulk importers claim that the memo implies additional risk that they have to take when importing from the US.

On several occasion the local vegetable oil refiners mentioned that some of the Moroccan canners that are exporting to the EU requested a non-GMO certificate for the vegetable oil to meet the requirement of their customers in Europe (Germany). So far, this has not affected Moroccan buying decisions regarding imports of oil.

End of Narrative



PSD Table						
Country	Morocco					
Commodity	Oilseed, Soybean		(1000 HA)(1000 MT)			
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		10/1999		10/2000		10/2001
Area Planted	1	1	1	1	0	1
Area Harvested	1	1	1	1	0	1
Beginning Stocks	0	0	0	0	0	0
Production	1	0	1	0	0	0
MY Imports	250	163	270	270	0	280
MY Imp. from U.S.	120	90	140	120	0	130
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	251	163	271	270	0	280
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	251	163	271	270	0	280
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	0	0	0	0	0	0
TOTAL Dom. Consumption	251	163	271	270	0	280
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	251	163	271	270	0	280
Calendar Year Imports	200	100	250	200	0	250
Calendar Yr Imp. U.S.	100	42	120	100	0	120
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Import Trade Matrix			
Country	Morocco		
Commodity	Oilseed, Soybean		
Time period	MY Beg Year(Oct./Sept.)	Units: Metric Tons	
Imports for:	1998		1999
U.S.	52936	U.S.	89933
Others		Others	
Brazil	73804	Brazil	73248
Canada	26400		
Argentina	24048		
Total for Others	124252		73248
Others not Listed			
Grand Total	177188		2e+05

PSD Table						
Country	Morocco					
Commodity	Oilseed, Rapeseed		(1000 HA)(1000 MT)			
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		10/1999		10/2000		10/2001
Area Planted	1	1	1	1	0	1
Area Harvested	1	1	1	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	1	1	1	0	0	0
MY Imports	0	31	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	31	0	0	0	0
TOTAL SUPPLY	1	32	1	0	0	0
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	1	32	1	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	0	0	0	0	0	0
TOTAL Dom. Consumption	1	32	1	0	0	0
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	1	32	1	0	0	0
Calendar Year Imports	0	31	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0
Import Trade Matrix						
Country	Morocco					
Commodity	Oilseed, Rapeseed					
Time period	MY, Beg. Year	Units: Metric Tons				
Imports for:	1998			1999		
U.S.		U.S.				
Others		Others				
		Netherlands		31047		
Total for Others	0			31047		
Others not Listed						
Grand Total	0			31047		

PSD Table						
Country	Morocco					
Commodity	Meal, Soybean			(1000 MT)(PERCENT)		
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		10/1999		10/2000		10/2001
Crush	251	163	271	270	0	280
Extr. Rate, 999.9999	0.796813	0.797546	0.793358	0.796296	ERR	0.785714
Beginning Stocks	0	0	0	0	0	0
Production	200	130	215	215	0	220
MY Imports	80	87	85	20	0	20
MY Imp. from U.S.	40	58	40	10	0	10
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	280	217	300	235	0	240
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	280	217	300	235	0	240
TOTAL Dom. Consumption	280	217	300	235	0	240
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	280	217	300	235	0	240
Calendar Year Imports	70	82	80	20	0	20
Calendar Yr Imp. U.S.	40	56	40	20	0	20
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Import Trade Matrix			
Country	Morocco		
Commodity	Meal, Soybean		
Time period	MY Beg Year(Oct./Sept.)	Units:	Metric Tons
Imports for:	1998		1999
U.S.	55340	U.S.	57892
Others		Others	
Argentina	9109	Argentina	23108
Spain	5457	Belgium	3428
France	3300	Netherlands	2567
Great Britain	2777		
Belgium	2402		
Netherlands	1574		
Total for Others	24619		29103
Others not Listed			
Grand Total	79959		86995

PSD Table						
Country	Morocco					
Commodity	Meal, Rapeseed			(1000 MT)(PERCENT)		
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		10/1999		10/2000		10/2001
Crush	1	32	1	0	0	0
Extr. Rate, 999.9999	0	0.53125	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	0	17	0	0	0	0
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	0	17	0	0	0	0
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	0	17	0	0	0	0
TOTAL Dom. Consumption	0	17	0	0	0	0
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	0	17	0	0	0	0
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country	Morocco					
Commodity	Oil, Soybean			(1000 MT)(PERCENT)		
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		10/1999		10/2000		10/2001
Crush	251	163	271	270	0	280
Extr. Rate, 999.9999	0.175299	0.184049	0.173432	0.174074	ERR	0.178571
Beginning Stocks	8	8	8	8	8	8
Production	44	30	47	47	0	50
MY Imports	190	260	190	240	0	240
MY Imp. from U.S.	60	25	60	40	0	40
MY Imp. from the EC	60	140	60	60	0	60
TOTAL SUPPLY	242	298	245	295	8	298
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	234	290	237	287	0	290
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	234	290	237	287	0	290
Ending Stocks	8	8	8	8	0	8
TOTAL DISTRIBUTION	242	298	245	295	0	298
Calendar Year Imports	160	180	190	200	0	200
Calendar Yr Imp. U.S.	60	11	60	40	0	40
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Import Trade Matrix			
Country	Morocco		
Commodity	Oil, Soybean		
Time period	MY Beg Year(Oct./Sept.)	Units: Metric Tons	
Imports for:	1998		1999
U.S.	43348	U.S.	25091
Others		Others	
France	39887	Argentina	70233
Brazil	39060	Netherland	55014
Argentina	35250	Belgium	34200
Mexico	18302	France	28098
Spain	14914	Brazil	17175
Switzerland	13399	Portugal	13650
Belgium	9507	Spain	4995
Portugal	9182	Norway	4030
Germany	8580	Switzerland	3800
		Great Britain	3060
Total for Others	188081		234255
Others not Listed			1040
Grand Total	231429		260386



PSD Table						
Country	Morocco					
Commodity	Oil, Rapeseed			(1000 MT)(PERCENT)		
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		10/1999		10/2000		10/2001
Crush	1	32	1	0	0	0
Extr. Rate, 999.9999	0	0.34375	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	0	11	0	0	0	0
MY Imports	10	6	10	10	0	10
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	10	6	10	10	0	10
TOTAL SUPPLY	10	17	10	10	0	10
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	10	17	10	10	0	10
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	10	17	10	10	0	10
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	10	17	10	10	0	10
Calendar Year Imports	10	6	10	10	0	10
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Import Trade Matrix			
Country	Morocco		
Commodity	Oil, Rapeseed		
Time period	MY, Beg. Year	Units: Metric Tons	
Imports for:	1998		1999
U.S.		U.S.	
Others		Others	
France	3000	Brazil	6000
Brazil	3200		
Total for Others	6200		6000
Others not Listed			
Grand Total	6200		6000

End of Report